

Arizona Early Childhood Fiscal Map Summary



October 2023

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Acknowledgements

This report was written by Amelia Vaughn and Ashley Brooks of Children’s Funding Project, in partnership with [Read on Arizona](#), [AZ Department of Economic Security – Division of Child Care](#), [AZ Department of Education](#), [AZ Department of Health Services](#) and [First Things First](#).

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Children’s Funding Project is a nonprofit social impact organization that helps communities and states expand equitable opportunities for children and youth through strategic public financing. childrensfundingproject.org

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Introduction

The quality and stability of early care and education and other youth programs suffer when they lack consistent funding, adequate wages for providers and staff, and the infrastructure to support training and professional development. Strategic public financing helps communities and states determine the true cost of equitably implementing, maintaining, or expanding quality services for kids and identifies sources to pay for those services. The first step in strategic public financing is to complete a fiscal map. A fiscal map is a tool governments and advocates can use to analyze public spending by re-sorting currently available information into a user-friendly analysis or map. At its core, a fiscal map shows states and communities how much money goes to a specific type of services or, in the case of funding for kids, a specific age range. It also identifies the sources for that funding. A fiscal map looks at the funding landscape at a certain point in time and answers these fundamental questions: **Who** (level of government) **invests how much** (appropriated/obligated amount of money) and in **what** (specific age groups, types of services, programs).

Children's Funding Project partnered with Read on Arizona and other state early childhood stakeholders to create a detailed fiscal map of funding that supports early childhood services and supports within the state. The state fiscal map is the first step in a three-year engagement between CFP and ROA to create a strategic public financing plan the state can use to determine how to best fund early childhood priorities. Additionally, the state fiscal map is being used as a template for localities (and potentially tribes) within the state to create their own maps. The main goal of this partnership is to create capacity within the state of Arizona to critically analyze and enhance funding for early childhood services and supports. [Read On Arizona](#), the state's collective impact model initiative focused on school readiness and early literacy, serves as the convener of state partners who are helping guide the process and decisions included in the strategic public financing plan.

Methodology

Data Collection

In 2019, Read On Arizona and other state partners completed an early childhood fiscal map with the Children’s Funding Project and the Bipartisan Policy Center. This analysis examined federal and state¹, dollars that supported early care and education within Fiscal Year 2019. The particular focus of this map was early care and education funding.

The 2019 early childhood fiscal map (see Appendix A) served as a backbone for this expanded analysis. The updated fiscal map includes funding from three fiscal years, 2019, 2020 and 2021. Additionally, it includes funding streams that support early care and education as well as other necessary services and supports for children ages 0-5 and their families, such as physical, mental and behavioral health services, and family and community services. It is critical timing to examine the impact of increased federal funding in response to the pandemic, especially on early care and education and other safety net programs. For fiscal years 2020, and 2021, federal COVID-19 relief funding data was included in the map and can be analyzed for its impact on early childhood funding over the three years.

Children’s Funding Project’s Federal Fiscal Mapping Tool was used to identify the federal funding streams that support children ages 0-5 and their families. CFP’s federal tool pulls appropriation amounts for all federal funding streams that support children and youth ages 0-24 from [USA Spending](#), an open data source from the US Treasury. After populating the data collection tool with the correct funds and appropriation amounts, budget holders at Arizona state agencies verified and corrected appropriation amounts. The following are the state agencies engaged in this process: Arizona Department of Economic Security - Division of Child Care, Arizona Department of Education, Arizona Department of Health Services, and First Things First. The budget holders at these agencies helped verify the federal data and shared information on any other state funded programs that support early childhood supports and services. We were unable at this time to verify data with the Arizona Department of Child Safety (DCS) and the Arizona Department of Health Services (DHS).

Data Decisions

At Children’s Funding Project, we often refer to fiscal mapping as “an art and a science.” While the workflow of a fiscal map is akin to a research project, there are many cases when the data needs to be manipulated to best fit the scope of the fiscal map and/or support a clean, user-friendly analysis.

Arizona’s fiscal year (July 1 – June 30) does not align with the federal fiscal year (October 1 – September 30). Instead of trying to align calendars and determine how much funding was available for a specific timeframe, we chose to represent what was invested within each respective fiscal year. For a federal

¹ This includes First Things First Arizona’s statewide organization that funds early care and education programs using Tobacco MSA funding

funding stream in the fiscal map, the amount included is what was appropriated following the federal fiscal year calendar. For a state funding stream, the amount follows the Arizona state fiscal year calendar.

To get an accurate picture of early childhood funding, there were a few cases where we used an estimate of how much of the total funding supports ages 0-5 and/or families with kids ages 0-5. Additionally, for some programs we used the expended amount (rather than the appropriated amount) to determine how much directly supports early childhood. For example, for the National School Lunch Program and the Child and Adult Care Food Program, we used receipts by grade data to calculate the amount spent on children ages 0-5, rather than the total appropriation that includes funding for all students, including first through twelfth grade, and some adults.

The Arizona Department of Economic Security provided expenditure data for children ages 0-5 rather than the appropriation amounts. The appropriation amounts would include ages outside the scope of this fiscal map. The amounts for ARPA Child Care Stabilization, Coronavirus Aid, Relief and Economic Security Act (CARES), and Coronavirus Response and Relief Supplementary Appropriations Act (CRRSA) are the amounts spent and/or administered to providers within the years of interest.

While we were able to verify most of the data we gathered from our federal fiscal mapping tool for accuracy, we were not able to verify at this time funding streams administered by the Arizona Department of Child Safety or the Arizona Department of Health Services. These include: Cooperative Agreements to Support State-Based Safe Motherhood and Infant Healthy Initiative Programs, Healthy Start Initiative, Maternal and Child Health Services Block Grant, and Special Supplemental Nutrition Program for Women and Children (WIC). These funding streams are included in the analysis but have not been checked by state budget holders.

While most of the funding streams in the report are early childhood-specific, some of the funds are intended to support multiple age ranges. For most of those funds, like the Child Care Development Block Grant which serves up to age 12, we were able to find a 0-5 estimate to include in our analysis. We excluded other funding streams that we could not get an estimate for, because we did not want to inflate our findings. In future iterations of the map, additional research could be done to include the following streams:

- ARPA Child Care Development Fund Discretionary Supplemental (about \$373 million in FY21);
- Immunization Cooperative Agreements (\$7.5 million, \$10.6 million and \$145 million in FY19, FY20, FY21);
- Supplemental Nutrition Assistance Program (SNAP)(SNAP participants in Arizona received \$1.15 billion in benefits in 2019, \$1.47 billion in 2020, and \$2.18 billion in 2021 (including temporary pandemic relief in 2021²));
- Supplemental Nutrition Assistance Program Employment & Training Program (SNAP E&T) (\$80 thousand in FY19);
- Temporary and Needy Families Cash Assistance (\$338,048,562 in FY21 with an estimated 67.4% spent on child welfare services 11.3% spent on Basic Assistance³); and
- Child Support.

² Center on Budget and Policy Priorities, [A Closer Look at Who Benefits from SNAP: A State-by-State Fact Sheet](#)

³ Administration of Children and Families, [TANF and MOE Spending and Transfers by Activity](#)

Also excluded from the analysis are Medicaid, per pupil education funding, Title I, Part A and Elementary and Secondary School Emergency Relief (ESSER) funds for Kindergarteners, philanthropic funding and parent contributions. Medicaid is excluded because it is very difficult to determine what portion of the total funding stream supports a specific age group. Also, the size of the funding stream would be an outlier against the other dollar amounts. Per pupil education, Title I and ESSER funding for kindergarteners are excluded since that is set by the school funding formula and other federal standards, which are more concrete and less flexible for coordination. Parent contributions and philanthropic investments are recognized as large parts of the funding landscape for early childhood services and supports, but they are excluded to focus on how to better improve the public funding available.

Limitations

The data does have some limitations that warrant a description of what the analysis does *not* show. First, with the exclusion of the funding streams mentioned in the methodology (SNAP, TANF, Medicaid, parent contribution, among others), the fiscal map does not show ALL potential dollars spent or invested in prenatal through age 5. Instead, the fiscal map looks at targeted investments in early care and education. Additionally, the majority of the data used in the analysis are appropriated amounts versus expended amounts, therefore the funding picture shown may not equal the dollar amount spent or made fully available for early care and education. The fiscal map is a snapshot in time and therefore the federal relief funds that were allocated or spent after the data collection period timeframe are not represented. Remember, a fiscal map is “an art and a science” and is best utilized as one tool for enhanced decision-making and budget transparency.

Analysis

Findings

The fiscal map data can be viewed in the [Arizona Early Childhood Fiscal Map](#) interactive report. The data visualization is meant to provide a “child centered” view of the budget, versus the normal department-centered view. The report allows for queries to learn more about specific funding streams, and queries that can drive further discussion about how the early childhood system is funded by service and program type, age range, and specific populations. With the benefit of mapping multiple years’ worth of data, the report shows trends in funding over time including the impact made by federal COVID-19 relief funding.

The first page of the report is a summary of total investments in ages 0-5 by level of funding and by what categories of services are being invested in (Figure 1). Here is the first place to see the impact of federal relief funding, and the imbalance of federal and state funding, demonstrating a need for additional statewide investments.

Arizona now has a longitudinal record of investments in early childhood services, including two years of historic federal relief investment. However, that relief investment is not permanent, and the funding is set to end between 2024-2025. The fiscal map provides a visual aid and an accountability tool that state partners can use to advocate for additional funding to fill the gap that will be left when federal relief funding is no longer available.

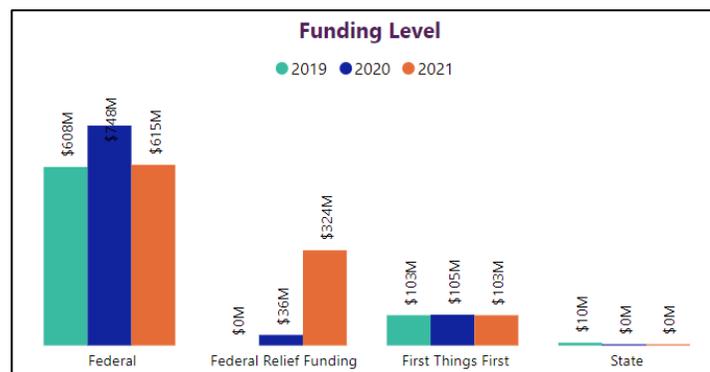


Figure 1 Total Amount of Funding in the Arizona Early Childhood Fiscal Map by Funding Level

From 2019 to 2021, federal investments increased by \$360 million through CARES, CRSSA, and ARPA funding. Over that period of time, other federal funding and state funding remained level. The map also shows that there are little-to-no state general funds that support early childhood. (Note: DHS and DCS were unable to provide data at this time and may have additional state level funding streams to include in the next map iteration.)

Pages 2 and 5 of the [Arizona Early Childhood Fiscal Map](#) show that the majority of federal relief funding (\$266 million in FY21) has been spent to support early care and education. Leaders and advocates can use the fiscal map to make a compelling argument for a dedicated state and/or local investment in the state’s early childhood system for 2024 and onward.

The service categories on the first page of the report (Figure 2) summarize funding for each individual service found on page 2 (Figure 3). The most heavily funded category, education services, includes all early care and education related funding including workforce development and provider resources. Physical, mental, and behavioral health services include nutrition services which comprises the bulk of funding for

that category. This difference in funding levels between categories is not surprising with the high cost of early care and education.

On page 2 of the fiscal map, readers can select which specific services and programs they would like to learn more about in the left-hand menu (Figure 3). Head Start/Early Head Start, early care and education, nutrition support and home visiting were the services with most funding in this analysis. The large jump in 2021 for early

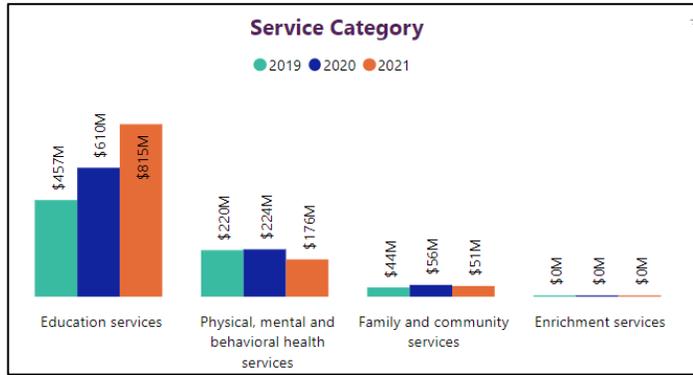


Figure 2 Total Amount of Funding in the Arizona Early Childhood Fiscal Map by Service Category

care and education investments is due to COVID-19 relief funding, including CARES, CCDF supplemental and CRRSSA (but not including ESSER). Nutrition support was the only service type that decreased each year over the three-year period. Nutrition program funding data was presented as receipts per meals served. We believe the funding decreased from FY19 to FY21 because children were not in schools or centers to receive meals during the pandemic. These results should be compared to needs and outcomes data in Arizona to help determine if there is funding for other needed services, particularly in the categories of family and community services and enrichment services.

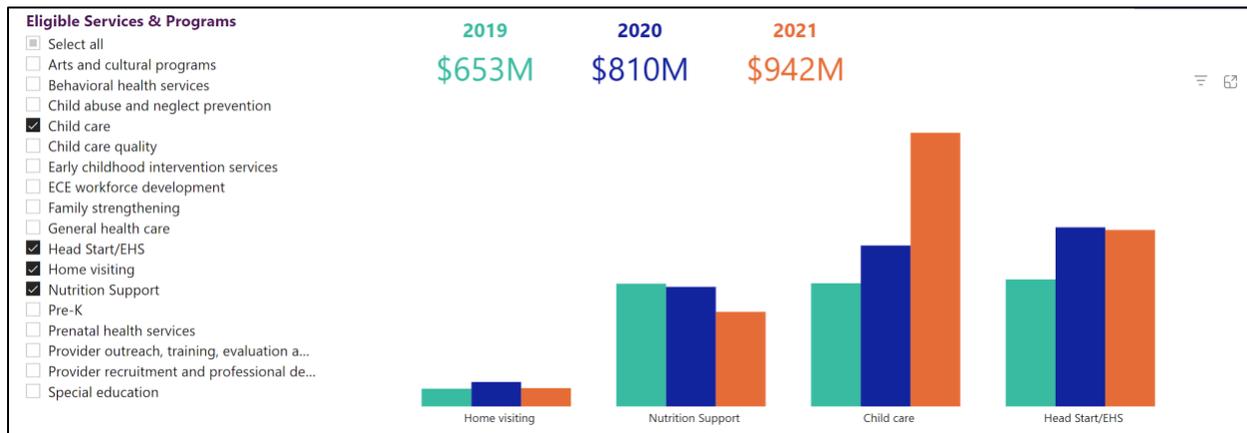


Figure 3 Funding for Specific Early Childhood Services and Programs

It is imperative to examine funding equity when making decisions around strategic public financing. However, it is extremely difficult (and sometimes impossible) to determine demographics of individual recipients of funding and/or where recipients of funding live. Page 3 of the fiscal map report is our attempt to start the conversation about funding equity (Figure 4). The “tree map” visualizes funding amounts by the various criteria that makes someone eligible to receive services and programs provided by the funding streams. It also shows the intersectionality of eligible criteria across current funding streams. This analysis shows us that the majority of the funds mapped are available to children and families that meet a certain income eligibility. This page provides a starting point for necessary conversations and further examination about funding equity.



Figure 4 Total Funding in the Arizona Early Childhood Fiscal Map by Population Eligible to Receive Services, Support and Funds

Many of the funding streams included in the fiscal map support the full early care and education spectrum of 0-5 years. To provide a more detailed look within the spectrum, we counted the number of funding streams mapped that support each age range: prenatal, birth-2 years, and 3-5 years (Figure 5). A dollar amount is not given per age group because that information is not available for many of the funding streams, though is something the state can work towards if wanting to refine the level of detail of the fiscal map data over time. There were 66 distinct funding streams with investments for early care and education included in the fiscal map. Across all three years, 12 of the funding streams support prenatal services and supports. For newborns to 2-year-olds, there were 48, 48 and 55 streams across the three years. For 3 to 5-year-olds, there were 50, 50, and 57 supportive funding streams. The additional streams in FY21 are due to federal relief funding.

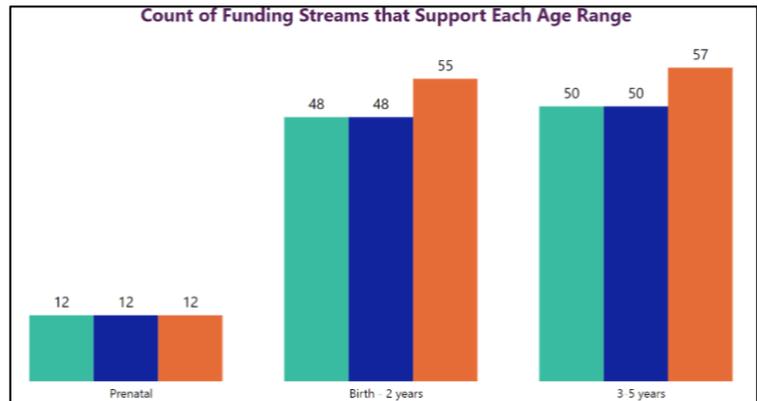


Figure 5 Count of Funding Streams that Support Individual Age Ranges

Comparisons to Other States

Children’s Funding Project [has completed fiscal maps](#) for child and youth partners in many states and localities across the country. Prior to 2022, the scope, parameters, and data visualizations were tailored to meet the needs of individual places with which we worked. We quickly learned, however, that decision makers and leaders are interested to see how their budgets stack up against similar states and communities. Therefore, in 2022 we set out to create a consistent methodology based in our learning of best practices for how to analyze child and youth funding.

Partners in Arizona are able to review other state’s early childhood funding from the fiscal maps in the above link. However, it is hard to make comparisons when the methodology and variables of the fiscal maps differ.

In November 2023 Children’s Funding Project will release fiscal maps and a national trend analysis from the 14 states that participated in State Child and Youth Fiscal Mapping Cohort (year 1). Early childhood fiscal data from these 14 states will be comparable to the Arizona Early Childhood Fiscal Map, as these maps have used the same updated methodology. Children’s Funding Project will provide Read On Arizona with those resources once the cohort data is published. In addition, as part of the initial FY19 map, Arizona was part of a five-state cohort in which a comparison relative to trends was able to be determined. The results of the initial FY19 mapping can be found in Appendix A.

In the meantime, we know somewhat about how Arizona’s early childhood funding landscape currently compares to other states. Arizona is one of 18 states that has a dedicated state revenue source for early childhood services. First Things First is Arizona’s statewide organization that funds early childhood programs using a voter-approved tax on tobacco products and the Tobacco Master Settlement Agreement funding. California, Colorado, Connecticut, Missouri, Kansas, and Kentucky also use these dedicated funding mechanisms. Other state dedicated public funding mechanisms include:

- Marijuana tax (Connecticut, Virginia)
- Sales tax (South Carolina)
- Capital gains/corporate activity tax (Washington, Oregon)
- Sports betting (Massachusetts, Louisiana)
- Casino tax (Maryland)
- Lottery (Tennessee, Georgia)
- Digital advertisement tax (Maryland)
- Land grant (New Mexico)

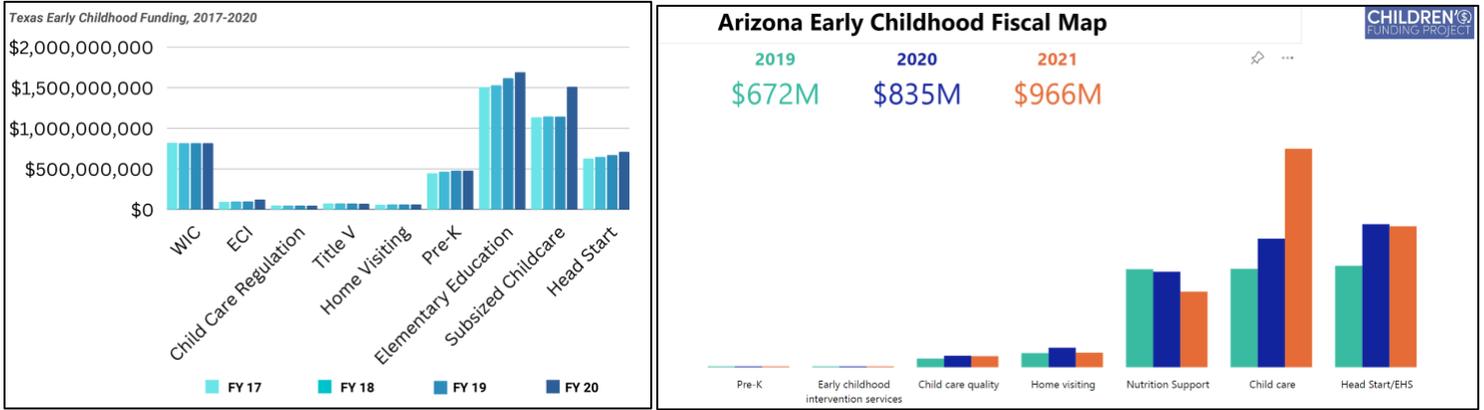
Other unique qualities of Arizona’s funding landscape are as follows:

- Arizona does not utilize TANF funding for early care and education services. Nationwide in FY21, 16.2% of all TANF funds were spent on child care, and 9.7% of funds were spent on pre-k/Head Start.⁴
- Whereas Arizona does not invest state funds towards pre-k, other states have dedicated funding for universal pre-k services. In Tennessee, the Voluntary Pre-K program is provided to all 4 years olds with funding levels of \$87M in FY19, \$82M in FY20 and \$84M in FY21.
- Kentucky is another state that uses Tobacco Master Settlement Agreement funds for early childhood. CFP completed an early childhood-specific map for the state in 2019, and the analysis showed that 67% of funds (\$843 million) came from federal sources, 31% from state general fund (\$387 million) and 2% from Tobacco MSA funds (\$28 million). In contrast, Arizona’s early childhood funding is 84% federal sources (\$608 million), 14% First Things First (\$103 million), and 1% other state general funds (\$9.6 million). CFP is currently updating Kentucky’s fiscal map data as a part of the aforementioned State Child and Youth Fiscal Mapping Cohort.
- Earlier this year, the Texas Institute for Excellence in Mental Health released a report on early childhood funding in Texas.⁵ Though the funding levels between the two states are much higher, the ratio of funding for specific services and supports between Arizona and Texas is similar (Figures 6 and 7). Child care, Head Start and nutrition support (which includes WIC) are among

⁴ Administration of Children and Families, [TANF and MOE Spending and Transfers by Activity](#)

⁵ Texas Institute for Excellence in Mental Health, [Early Childhood Funding in Texas](#)

the top funded services for ages 0-5. A main difference between the two states is in the investment in pre-k. Also, the Texas analysis includes elementary education funding as a measure of scale.



Figures 6 and 7 Texas Institute for Excellence in Mental Health Early Childhood Fiscal Map, Arizona Early Childhood Fiscal Map Funding by Specific Eligible Services

Next steps

1. Increase fiscal mapping capacity in Arizona.

Children's Funding Project is using the state fiscal map to help complete two local fiscal maps for Tucson and the Phoenix and Avondale region. We are coaching the local project lead on how to collect, clean, and analyze the data so they are able to update the fiscal map independently over time. Additionally, for continuity, we plan on coaching Read On Arizona as the state-level point of contact on how to sustain the state fiscal map work.

The fiscal map data has become more robust and accurate over the two rounds of mapping we have completed. From the first map completed in 2019, we have added funding streams that impact early childhood, included federal relief funding and also received more specific estimates on how much funding supports children ages 0-5 and their families. However, to continue strengthening and adding to the data, we suggest including:

- Inclusion of DCS and ADHS funding stream data and participation in reviewing and utilizing the final report;
- Early childhood estimates of larger programs such as SNAP, TANF cash assistance, and CHIP; and
- Additional analysis on how federal relief funding was spent over time with plans for how to continue programming support through that funding (if available).

2. Use the fiscal map data.

The fiscal map shows a very detailed picture of the overall funding currently available for specific age groups and services. However, it begs further discussion on how these funding streams are utilized to meet the needs of children and families within the state. Arizona policy makers, leaders, and advocates should consider the fiscal map against known areas of need and attention and ask critical questions including:

- Is the current level of funding meeting our needs?
- Are we making equitable investments?
- Are there areas where we can better align funding to make its impact more efficient and effective?

The fiscal map is a tool that can guide and provide data that supports these discussions.

Appendix A

2019 Fiscal Map Report and Page Explanations

Page 1 – Summary Page

The focus of the fiscal map was to analyze funding streams that supported child care and early education, but some dollars that support a broader early childhood ecosystem were also included. Funding was analyzed by the source of investments as well as by individual service supported. The 2023 fiscal map includes updates to Children’s Funding Project’s fiscal mapping methodology and best practices, which is why the services list differ.

Page 2 – Current Investment vs. True Cost of Care

Per capita estimates were compared against a “true cost” estimate of overhauling Arizona’s ECE system be “value-based,” as described by the Economic Policy Institute’s study and research, in order to ground the amount investment in child care and early education against a gold standard of quality care and education.

Page 3 – Comparison to the Cohort

Arizona was one of five participating states in this fiscal mapping exercise. This analysis compared Arizona’s funding landscape and uses of specific funds against the cohort. It also describes the unique qualities of how the state funded early care and education in 2019.



Early Care and Education (ECE) Fiscal Mapping

Accelerating Early Literacy in Arizona

About Read on Arizona

Read On Arizona is our state's early literacy initiative. Launched in 2013, partners in Read On Arizona take a collective impact approach to improving language and literacy outcomes for Arizona's children from birth to age eight with strategic focus on school readiness and third-grade reading proficiency.

Learn more at ReadOnArizona.org.

Read On Arizona's Data Integration Work Group Mission/Purpose:

Informing the collective work of all Read On Arizona stakeholders in devising strategies for improvement through data integration, intentional analysis and data driven decision-making, research, and evidence-based solutions. MapLIT data tool supports strategic planning to improve language and literacy outcomes for all Read On Arizona communities. MapLIT was created through a collaborative partnership among Read On Arizona, numerous state agencies, universities, education partners, and the Maricopa Association of Governments.



Current Partners and Founding Task Force Members:

Arizona State Board of Education
Arizona Department of Education*
Department of Economic Security
Department of Health Services
First Things First*

Helios Education Foundation*
Maricopa Association of Governments
Teaching Strategies
Virginia G. Piper Charitable Trust*

*indicates Read On Arizona founding partner.

Partnership with Bipartisan Policy Center and Children's Funding Project: ECE Fiscal Mapping Project

- Because of Read On Arizona's collaborative approach to data integration, Arizona was one of the first states to agree to work with the Bipartisan Policy Center (BPC) on the data needed to begin to look at the question of childcare gaps at a state and national level. This work was completed in the Fall 2020 ([BPC Child Care Gap Report/Tool](#)) The next phase of our work led to a small cohort of five states each mapping their ECE fiscal resources, with the assistance of the Children's Funding Project, in order to better understand how, as a state, we were leveraging resources across various funding streams.
- Read On identified key members of its data integration work group: the **Arizona Department of Education, Early Childhood (ECE); Department of Economic Security Child Care Administration; First Things First; Head Start State Collaboration Office** to work together to identify funding streams and resources at a federal/state level related to the early care and education Arizona landscape.
- Read On Arizona's Advisory Board and Data Integration Task Force members reviewed a final draft of Arizona's fiscal mapping report and will use this information to inform strategies moving forward.

Arizona Early Care and Education Fiscal Map 2019

Bipartisan Policy Center & Children’s Funding Project

Bipartisan Policy Center (BPC) partnered with the Children’s Funding Project (CFP) to conduct an analysis of state and federal investments in child care and other early childhood supports for 5 states. The goals of this project were to:

1. Increase state capacity for analyzing fiscal data and advocating for improved investments in child care resources;

and

2. Document the FY19 public funds supporting child care, or the ‘baseline’, prior to the effects COVID-19 had on state budgets.

The investments made in child care and early childhood education is the primary focus of this fiscal map. Since other supports and services are needed to promote healthy development, additional funding streams that contribute to the early childhood ‘ecosystem’ were included as a separate level of investment. For purposes of this analysis, early childhood was defined as ages 0-5.

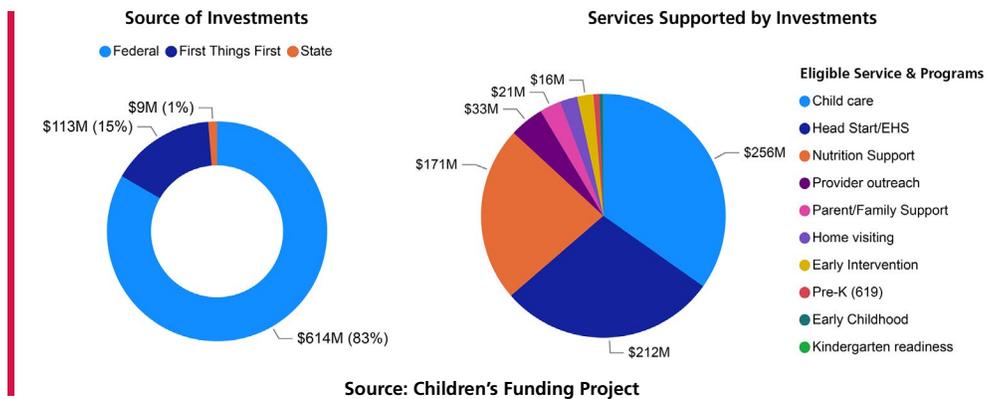
This analysis does not include funding for Medicaid, Department of Defense base child care, foster care services, philanthropic, or federal title education.

Child Care & Early Education Investment

\$552M

EC Ecosystem Investments

\$184M



Arizona’s Current Investments vs. True Cost of a Value-Based ECE System

To start to answer the question, ‘So what does this fiscal data mean or tell us about how we finance our system?’, below is a quick gaps analysis between current investments flowing through the state vs. a goal amount that could be invested per child with an overhaul to the early childhood system. The per capita estimates are calculated using the total investment in child care and early childhood education in Arizona calculated by this fiscal map analysis, BPC’s Child Care Gap Study on the number of children in potential need of care and the current supply of child care slots as well as the 2019 census estimate of total population of children 0-4 in Arizona. Note: This is only the amount of funding that flows through the state that contributes to the per child investment, and does not include all federal, local or parent contributions.

To maintain consistency throughout the cohort, we used the Economic Policy Institute’s (EPI) study (<https://www.epi.org/publication/ece-in-the-states/#/Arizona>), A values-based early care and education system would benefit children, parents, and teachers in Arizona, to determine the cost of an overhaul to the system. EPI declares a value-based ECE system “ensures a well-qualified and fairly compensated early care workforce providing a high standard of care for the children.” Note: The majority of investments indicated support increased EC staff compensation and benefits, decreasing financial burden on families and also includes facilities costs, food, equipment, insurance, etc.

Per Capita Investment in Child Care & Early Education Estimates

\$1,285

Per total population ages 0-4 from 2019 census (429,788)

\$1,816

Per child ages 0-5 in need of care (304,180)

\$2,357

Per currently funded licensed slot (234,270)

Overhauling to a Value-Based ECE System

\$24,000-\$26,000

Estimated cost per child

256,000-351,000

Potential number of children served

109,000-147,000

Potential number of ECE employees needed/impacted

Revenue Options This begs the question, who is responsible (and in what proportions) for filling the gap between current investments and true cost of high quality care? This analysis only shows the federal and state investments, excluding local, private and parent contributions. However, there are some actions that Arizona and its localities can do to help fill the gap. Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education provides analysis of seven tax policy areas that are available to states to leverage in order to finance high quality early childhood education and care. The report details the following tax areas are current funding possibilities for Arizona:

1. **Corporate Business Tax:** Dedicate revenue from new or increased levies of corporate income tax
2. **Estate and Inheritance Tax:** Enact an estate/inheritance tax
3. **Personal and Income Tax:** Increase state income tax rates & dedicate funding to ECE; Enact/increase a tax on top earners; Eliminate/limit itemized deductions; Phase out personal exemption/credit or standard deduction for upper-income taxpayers; Eliminate state income tax deduction; and Eliminate special treatment of capital gains income
4. **Property Tax:** Increase real estate transfer tax with a levy a higher rate on higher-valued homes; and Increase state-level property tax levies
5. **Sales Tax:** Set aside sales tax revenue from new or existing sales tax levies for ECE; Expand sales tax base to include more services
6. **Sin Tax:** Increase taxes on alcohol

How Arizona's Child Care Funding Landscape Compares to the Cohort

Place	Percent share of state/federal investment	Utilization of TANF funds (4 potential uses for child care)	Investments in early childhood mental health	Investments in home visiting	State investments in Pre-k	Utilize IV-E?	Utilize SSBG?	Utilize Healthy Start?	Utilize SNAP E&T?
Cohort (5 states)	Cohort ranges from 14-21% state investment and 79-86% federal investment	AZ is the only state in the cohort that does not leverage TANF dollars for child care. There are 4 possible uses, detailed below.	AZ is one of 4 states in the cohort that uses state GF dollars to invest in EC Mental Health.	All states in cohort use state revenue to invest in home visiting.	AZ is the only state in the cohort that does not invest state GF in Pre-k	3 states in cohort use this funding stream	AZ is 1 of 2 states in cohort that uses this funding stream	AZ is the only state in cohort that uses this funding stream	AZ is the only state in cohort that uses this funding stream
Arizona	17% state / 83% federal	AZ does not allocate any TANF dollars for child care	Yes - First Things First ECMH consultation services	Yes - First Things First	No	Yes	Yes (for the state and tribes)	Yes	Yes

What Sets Arizona Apart?

- Innovative funding mechanisms used: First Things First is a voter-created state agency funded through a dedicated tax on tobacco products. Funds administered by FTF are voter-protected. The funds are not legislatively appropriated, but instead are directly deposited into the agency's account with the state Treasurer. A statewide Board appointed by the Governor and confirmed by the state Senate had fiduciary responsibility for the funds. State law describes the early childhood programs that can be funded through this tax (A.R.S. 8-1171). To ensure FTF-funded programs meet the diverse needs of Arizona communities, spending decisions are informed by recommendations from regional councils comprised of community volunteers. As such, programs funded may vary by region.
- Arizona is the only state that does not leverage TANF funds to support the child care system. The possible uses include: Direct Child Care Federal Expenditures, Direct Child Care State Expenditures, Pre-K/HS, and CCDF transfer
- However, Arizona is the only in the cohort that leverages all of the following funding federal streams for child care and other early childhood supports: Title IV-E, SSBG (both for the state and tribes), Healthy Start and SNAP E&T.

Title IV E (DCS Foster Care)
\$14,159,400

Healthy Start
\$1,070,000

Social Services
Block Grant (SSBG)
\$154,916

SSBG - Tribal Allocation
\$102,023

SNAP E&T
\$80,000

APPENDIX: Funding Stream Detail

Funding Stream Name	Funding Stream Description	Appropriation Amount FY19	Funding Level	Level of EC Investment
AI/AN CCDF	CCDF funding for American Indian/Alaska Native federally recognized tribes.	\$48,272,217.	Federal	Childcare and Early Education Investment
AI/AN Head Start	Head Start funding for Region XI, or programs operated by American Indian/Alaska Native federally recognized tribes.	\$38,345,454.	Federal	Childcare and Early Education Investment
AI/AN MIECHV	MIECHV funds allocated to American Indian/Alaska Native federally recognized tribes.	\$955,000.	Federal	Early Childhood Ecosystem Investment
AI/AN WIC	WIC funds that support the Navajo Nation and the Inter Tribal Council of Arizona (ITCA).	\$14,737,129.	Federal	Early Childhood Ecosystem Investment
Child and Adult Care Food Program (CACFP)	The Child and Adult Care Food Program is a federal program that provides reimbursements for nutritious meals and snacks to eligible children and adults who are enrolled for care at participating child care centers, day care homes, and adult day care centers.	\$50,447,239.11	Federal	Childcare and Early Education (CACFP) Investment
Child Care Access Means Parents in Schools (CCAMPIS)	The CCAMPIS Program is authorized by the Higher Education Act and administered by the U.S. Department of Education. The goal of CCAMPIS is to increase access to post-secondary education for low-income parents by providing quality, affordable and accessible child care services while they further their education.	\$615,909.	Federal	Childcare and Early Education Investment

Child Care Development Fund (CCDF)	The CCDF is the primary federal program specifically devoted to providing families with child care subsidy and funding supports to states to improve quality. The CCDF is jointly financed by federal and state governments and consists of three funding streams: mandatory, matching, and discretionary funds.	\$137,491,400.	Federal	Childcare and Early Education Investment
Child care licensing and monitoring	These funds go towards making sure providers are licensed. DHS licensing and operating expenses are a part of a larger operating budget and therefore cannot determine amount appropriated specifically for 0-5.	\$2,469,936.	State	Childcare and Early Education Investment
Childcare Scholarships	Scholarships are funded (via a tobacco tax) to help more infants, toddlers and preschoolers access early care and learning.	\$44,033,399.	First Things First	Childcare and Early Education Investment
Department of Child Safety (DCS) General Fund	These funds support DCS expenditures on subsidy payments. Not reported as a match for CCDF.	\$7,000,000.	State	Childcare and Early Education Investment
Early Childhood Mental Health Consultation Services	Provides support to regulated early education settings at the teacher, classroom and program level to help staff be better able to support children's social-emotional development. EC MH consultation services are regionally funded. Regions determine priorities and how funds are used.	\$3,445,711.	First Things First	Early Childhood Ecosystem Investment
Family Friend and Neighbor Care	Provides training and support to unregulated home care providers to build awareness of the importance of early childhood development and help them better support young children's health and learning.	\$2,720,002.	First Things First	Early Childhood Ecosystem Investment
Family Resources and Supports	First Things First programs give parents options when it comes to supporting their child's health and learning. Services are voluntary and provided at levels that meet the family's needs. The appropriation amount includes funding for family resource centers, B-5 helpline, parenting education classes, parenting kits, and parenting outreach.	\$6,340,729.	First Things First	Early Childhood Ecosystem Investment
Food Security	Provides families of young children and pregnant women with access to temporary, safe and nutritious food relief.	\$228,652.	First Things First	Early Childhood Ecosystem Investment
Head Start (includes Early Head Start - Child Care Partnership)	Head Start and Early Head Start are federally funded programs that deliver comprehensive early learning, health nutrition, and family support services to children birth through age five and pregnant women who are living in poverty. Early Head Start serves pregnant women and children birth through three while Head Start serves children ages three through five.	\$173,969,609.	Federal	Childcare and Early Education Investment
Health and Screenings	Includes FTF line items: Childcare health consultations; Developmental and health screenings; Oral health screening and varnish.	\$6,150,929.	First Things First	Early Childhood Ecosystem Investment

Healthy Start	The purpose of the Healthy Start (HS) program is to improve health outcomes before, during, and after pregnancy, and reduce racial/ethnic differences in rates of infant death and adverse perinatal outcomes.	\$1,070,000.	Federal	Early Childhood Ecosystem Investment
Home Visitation Coordinated Referral System	Bolsters family recruitment, enrollment, engagement, and retention in home visitation services by more efficiently matching families to a home visitation program that best meets their needs. Reduces duplication of services for families and enhances coordination and collaboration among home visitation providers in Maricopa County (home to 62% of state population).	\$454,540.	First Things First	Early Childhood Ecosystem Investment
Home Visiting	Evidence-based home visiting programs delivered in the home from a nurse or parent educator to address a variety of parenting situations like grandparents raising children, parenting children with special needs or families with multiple births.	\$16,981,380.	First Things First	Early Childhood Ecosystem Investment
IDEA Part B, Section 619 Allocation	Section 619 of Part B of IDEA, the Preschool Grants Program, federal funds are allocated to the state education agency in each state to support the delivery of special education and related services to individuals with disabilities ages three through five. This amount includes assistance to LEAs and ADE Admin set aside cost. In Arizona, we do not have DOE funded preschool therefore the incidental benefit rule applies to the use of funds.	\$5,624,873.	Federal	Childcare and Early Education Investment
IDEA Part B, Section 619 Supplement to Navajo Nation	Arizona Department of Education serves as the pass through for the Navajo Preschool Grant. The rate is \$2,000 per native child with a special need who resides on the Nation. Serves as a supplement to IDEA 619 funds.	\$130,000.	Federal	Childcare and Early Education Investment
IDEA Part C	The Program for Infants and Toddlers with Disabilities (Part C of IDEA) is a federal grant program that assists states in operating a comprehensive statewide program of early intervention services for infants and toddlers with disabilities, ages birth through age 2 years, and their families.	\$9,697,142.	Federal	Childcare and Early Education Investment
Kindergarten Readiness	Includes FTF line items: Start up and expansion of learning labs; and Summer transition to K (in 2 regions).	\$187,126.	First Things First	Early Childhood Ecosystem Investment
Maternal, Infant and Early Childhood Home Visiting Program (MIECHV)	Supports the Arizona Home Visiting Program (Arizona Families) and provides voluntary, evidence-based home visiting programs for at-risk pregnant women and families with children through kindergarten entry.	\$11,204,224.	Federal	Early Childhood Ecosystem Investment
Native language preservation	Funding provides opportunities for Native American children, birth to age five not enrolled in kindergarten, and their families to support their connection to and understanding of their language and culture.	\$110,902.	First Things First	Early Childhood Ecosystem Investment

Nutrition/Obesity Prevention/Activity	Provides health education to young children and their families to support their ability to achieve and maintain a healthy weight and lifestyle. Additionally, this strategy provides resources and education to early care and education professionals on how to incorporate physical activity and healthy eating into their programs.	\$402,169.	First Things First	Early Childhood Ecosystem Investment
PDG B-5 Initial Planning Grant	The Preschool Development Grant Birth through Five (PDG B-5) program is a \$250 million competitive federal grant designed to improve states' early childhood systems by building upon existing federal, state, and local early care and learning investments. The first year of the PDG B-5 grants in December 2018 awarded 46 states one year funds to conduct a state-level needs assessments and create a strategic plan that optimizes existing early childhood education (ECE) resources.	\$1,396,806.	Federal	Childcare and Early Education Investment
Quality First - Quality Improvement Rating System	Partners with child care and preschool providers to improve the quality of the early learning programs they provide. Supports include: assessment, coaching, incentives and assistance with licensing fees.	\$18,217,240.	First Things First	Childcare and Early Education Investment
SNAP E&T	Funds support stipends for independent care so recipients can seek employment.	\$80,000.	Federal	Early Childhood Ecosystem Investment
Social Services Block Grant (SSBG)	The Social Services Block Grant (SSBG) is a flexible funding source that allows States and Territories to tailor social service programming to their population's needs. This funding includes dollars paid out at the state level directly to child care providers.	\$154,916.	Federal	Childcare and Early Education Investment
SSBG - Tribal Allocation	Dollars paid directly to Tohono O'odhan nation.	\$102,023.	Federal	Childcare and Early Education Investment
State Registry, Scholarships and Professional Development	First Things First funds scholarships and other educational support to expand the skills of professionals working with infants, toddlers and preschoolers.	\$7,499,731.	First Things First	Early Childhood Ecosystem Investment
Title IV E	These funds support the Department of Child Safety Child Care program (foster care).	\$14,159,400.	Federal	Childcare and Early Education Investment
Women Infants and Children (WIC)	WIC is a nutrition program for thousands of families, helping kids to grow up strong and healthy. WIC food benefits are available based on income guidelines and up-to-date nutrition research.	\$105,467,334.	Federal	Early Childhood Ecosystem Investment